

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

Agenda Item 9 – Resolution No. 2011-08

Amended and Restated Bylaws

July 28, 2011

Purpose: On occasion, CHFFA has been requested to include its bylaws as part of the closing process of bond transactions. Based on these requests, staff proposes to amend and restate the bylaws of the Authority to reflect its current operations.

Background: According to the CHFFA statute, CHFFA has statutory authority to establish bylaws. In 1982, the bylaws were adopted, but they have not since been updated or revised. The bylaws reflect the Authority's purpose and its general provisions.

Recommendation: Staff recommends the Authority approve Resolution No. 2011-08, which hereby adopts the amended and restated bylaws.

Attachments:

- Amended and restated bylaws (Exhibit A)
- Redlined version of the bylaws

ADOPTED BYLAWS

Section 1. General Provisions

Mission:

The mission of the California Health Facilities Financing Authority (“Authority”) is as follows:

To help eligible and creditworthy non-profit and public health facilities reduce their cost of capital, and promote important California health access, healthcare improvement and cost containment objectives by providing cost-effective tax-exempt bond, low-cost loan, and direct grant programs.

Section 2. Definitions

Terms:

The words and terms defined in Government Code Section 15432¹ shall have the same meaning when used in these Bylaws.

Section 3. Procedures Relating to the Authority Officers and Members

A. Officers and Members:

As provided in Section 15433, the Authority board consists of nine members, including the Chairperson of the Authority who shall be the State Treasurer, the State Controller, the Director of Finance, two members appointed by Senate Rules Committee, two members appointed by the Speaker of the Assembly, and two members appointed by the Governor subject to confirmation by a majority vote of the Senate. The members are appointed according to the provisions set forth in Section 15433.

¹ All other references are to the Government Code unless otherwise stated.

B. Meetings:

(1) Meetings will be held as follows:

(a) Regular meetings of the Authority board are held on the fourth Thursday of each month in Sacramento, California unless otherwise specified by the Authority board.

(b) Meetings of the Authority board may be called by the Chairperson upon giving notice to each Member and interested parties.

(c) Notice of all meetings will be provided in accordance with the state open meeting requirements (Bagley-Keene Open Meeting Act Section 11120, et seq.).

(2) Meetings of the Authority board shall be held at the place designated by the Chairperson in the notice calling such meeting.

(3) The Chairperson, or that person's representative, shall preside. If the Chairperson or that person's representative is absent from a meeting, the members present constituting a quorum shall elect one of their members to preside at said meeting.

C. Executive Director and Other Employees:

Responsibilities and duties of the Executive Director and other employees are as follows:

(1) The Chairperson shall appoint an Executive Director to serve at the pleasure of the Authority board, as set forth in Section 15434.

(2) In accordance with Section 15435, the Executive Director or such person as may be designated by the Authority board shall be responsible for:

(a) Executing on behalf of the Authority all contracts or agreements, certificates, and other documents attesting to the acts of the Authority as expressly authorized by the Authority board or as may be permitted by the Authority board's delegation resolution;

(b) Developing the agenda for the Authority's meetings and distributing such agenda to members and other parties;

- (c) Recording the proceedings of each meeting and presenting minutes at the subsequent meeting for approval by the Authority board;
- (d) Performing such other duties as the Authority board may by resolution delegate to such person.

Section 4. General Provisions Relating to Actions by the Authority

A. Applications:

The Authority maintains an application process for financing and provides all interested parties with a description of the information and documentation to accompany each application.

B. Review and Determination:

(1) The Authority board shall hear recommendations presented by staff along with staff's thorough financial analysis of an application and then will entertain a motion for or against the proposed recommendation for approval. If approved, the board's approval shall be adopted by a resolution to officially authorize the approved transaction.

(2) The Authority shall adopt all necessary resolutions to approve or deny any application. Approval by the Authority may be made contingent upon such terms and conditions as the board may deem proper. The form of bonds, any resolution or resolutions authorizing such bonds, any trust agreements securing such bonds and any other agreements relating to the bond financing shall be approved by the Authority and each applicant in accordance with Sections 15441 through 15456. As used herein, bonds include notes or other obligations issued by the Authority.

C. Fees:

The Authority shall adopt by resolution a fee schedule and shall amend such schedule from time to time in order to charge and equitably apportion among participating health institutions its initial organization costs, administrative costs, and

expenses incurred in the exercise of its power and duties in accordance with Sections 15438 (m) and 15440.

D. World Wide Web Access to CHFFA Resources:

The Authority maintains updated information pertinent to any policy, its practices, and its procedures that may apply to any given transaction including applications, fees, meetings, meeting minutes, agendas, resolutions, public notices, executive director reports, etc. on its website. The Authority shall from time to time update its practices and information to ensure relevancy.

Section 5. Amendments

Amendments:

The Bylaws may be amended by resolution duly adopted at any meeting, regular, or special.

Section 6. Suspension of Bylaws

Suspension:

Any and all of the provisions of the Bylaws may be suspended by unanimous consent of the members constituting a quorum present at any meeting of the Authority.

ADOPTED ~~BY LAWS~~ BYLAWS

~~Article~~ Section 1. **General Provisions**

~~Section 1001.~~ Objectives ~~Mission:~~

The ~~objective-mission~~ of the California Health Facilities Financing Authority (“Authority”) ~~are~~ is as follows: as set forth in Section 15438.5 of the Act is to provide a complete, additional, and alternative method of tax-exempt financing for the capital indebtedness of eligible health facilities which

To help eligible and creditworthy non-profit and public health facilities reduce their cost of capital, and ;
promote important California health access, healthcare improvement and cost containment objectives by providing cost-effective tax-exempt bond, low-cost loan, and direct grant programs.

~~(1) does not encourage unneeded health facility construction, and,~~

~~(2) encourages all or part of any saving experienced by a participating health institution, as a result of this tax-exempt financing, to be passed on to the consuming public through lower charges or containment of the rate of increase in hospital rates.~~

~~Article~~ Section 2. **Definitions**

~~Section 1020.~~ Terms:

The words and terms defined in Government Code Section 15432¹ ~~of the Government Code~~ shall have the same meaning when used in these ~~By Laws~~ Bylaws.

~~Article~~ Section 3. **Procedures Relating to the Authority Officers and Members**

~~Section 1030A.~~ Officers and Members:

¹ All other references are to the Government Code unless otherwise stated.

As provided in Section 15433 ~~of the Act~~, the Authority board consists of nine members, including the Chairperson of the Authority who shall be the State Treasurer, the State Controller, the Director of Finance, two members appointed by Senate Rules Committee, two members appointed by the Speaker of the Assembly, and two members appointed by the Governor subject to confirmation by a majority vote of the Senate. The members are appointed according to the provisions set forth in Section 15433. The Authority shall annually elect a vice chairperson and a Secretary-Treasurer in the manner set forth in Section 15434 of the Act. Should a vacancy occur in the office of the Vice Chairperson or the Secretary-Treasurer, the Authority shall at its next meeting elect one of its Members to fill such vacancy.

Section 1031B. — Meetings:

(a1) Meetings will be held as follows:

(1a) Regular meetings of the Authority board are held on the fourth Thursday of each month in Sacramento, California unless otherwise specified by the Authority board. Meetings of the Authority may be called by the Chairperson upon giving notice to each Member.

(2b) Meetings of the Authority board may be called by the Chairperson upon giving notice to each Member and interested parties.

(c) Notice of all meetings will be given provided in accordance with the state agency meeting statutes open meeting requirements (Bagley-Keene Open Meeting Act Section 111250, of the Government Code et seq.).

(b2) Meetings of the Authority board shall be held at the place designated by the Chairperson in the notice calling such meeting, unless otherwise ordered or agreed to by the Authority.

(e3) The Chairperson, or that person's representative, shall preside. If the Chairperson or that person's representative or the Vice-Chairperson is are absent from a meeting, the members present constituting a quorum shall elect one of their members to preside at said meeting.

Section 1032C. ~~Executive Director and Other Employees:~~

Responsibilities and duties of the Executive Director and other employees are as follows:

~~(a)~~(1) The Chairperson shall appoint an Executive Director to serve at the pleasure of the Authority board, as set forth in Section 15434 ~~of the Act~~.

~~(b)~~(2) In accordance with Section 15435 ~~of the Act~~, the Executive Director or such person as may be designated by the Authority board shall be responsible for:

~~(a1)~~ ~~—Acting as Secretary of the Authority and e~~Executing on behalf of the Authority all contracts or agreements, certificates, and other documents attesting to the acts of the Authority as expressly authorized by the Authority board or as may be permitted by the Authority board's delegation resolution;

~~(b2)~~ ~~—~~Developing the agenda for the Authority's meetings and distributing such agenda to members and other parties;

~~(c3)~~ Recording the proceedings of each meeting and presenting minutes at the subsequent meeting for approval by the Authority board;

~~(d4)~~ Performing such other duties as the Authority board may by resolution ~~-delegate to such person.~~

Section~~Article~~ **4. General Provisions Relating to Actions by the Authority**

Section 1040. Actions:

~~————The Authority shall act in accordance with provisions of the Act and all other laws or acts as may be applicable.~~

Section 1041A. Applications:

The Authority maintains an application process shall by resolution adopt guidelines for procedures for and prerequisites to receiving applications for financing and shall provides all interested parties with a description of the information and documentation which musto accompany each application.

Section 1042. Public Savings:

~~Prior to the adoption of a final resolution approving an applicant for participation, the applicant shall describe the manner in which all or part of the savings experienced as a result of the tax exempt revenue bond funding will be passed on to the consuming public through lower charges or containment of medical costs in accordance with Section 15738.5 of the Government Code.~~

~~This pass-through policy shall be in effect until such time as the Legislature may amend the Authority's statute.~~

~~For all health facilities seeking tax exempt bond financing through the Authority, the health facility under this policy shall satisfy the legislative intent portion of the Authority's statute found at GC 15438.5(a) (concerning pass-through savings) by demonstrating to the Authority's satisfaction that the health facility provides "significant community benefit."~~

~~In determining whether a health facility provides a "significant community benefit," the Board shall under this policy give due consideration to the following:~~

~~(1) The economic value of the filing, initial and annual fees paid by the health facilities to the Authority, as part of their tax exempt bond financing, which are used by~~

~~the Authority to fund the Authority's programs, including the Authority's HELP II loan program;~~

~~(2) Whether the facility maintains a policy of treating all patients regardless of ability to pay;~~

~~(3) Whether the facility maintains a CMAC contract or otherwise treats Medi-Cal eligible patients;~~

~~(4) Whether the facility establishes and maintains a charity care policy;~~

~~(5) Whether the facility establishes a process to solicit input relating to the needs of the community and whether it takes significant and appropriate steps to address those needs. The board shall consider the resources committed to addressing the community needs.~~

~~Section 1043B. — Receipt, Review, and Determination (Priorities):~~

~~(1) The Authority board shall hear recommendations presented by staff along with staff's thorough financial analysis of an application and then will entertain a motion for or against the proposed recommendation for approval. If approved, the board's approval shall be adopted by a resolution to officially authorize the approved transaction. by resolution adopt guidelines procedures for determining whether to accept or deny requests for financing, either in whole or in part~~

~~:~~

~~(2) The Authority shall adopt all necessary resolutions to approve or deny any application. Approval by the Authority may be made contingent upon such terms and conditions as the board may deem proper. The form of bonds, any resolution or resolutions authorizing such bonds, any trust agreements securing such bonds and any other agreements relating to the bond financing shall be approved by the Authority and each applicant in accordance with Sections 15441 through 15456. As used herein, bonds include notes or other obligations issued by the Authority.~~

Section 1044C. ~~_____ Fees:~~

The Authority shall adopt by resolution a fee schedule and shall amend such schedule from time to time in order to charge and equitably apportion among participating health institutions its initial organization costs, administrative costs, and expenses incurred in the exercise of ~~theits~~ power and duties ~~by the Act~~ in accordance with Sections 15438 (m) and ~~Sections 15440 of the Act.~~

Section 1046D. ~~_____ Issuance of Bonds~~ World Wide Web Access to CHFFA Resources:

The Authority maintains updated information pertinent to any policy, its practices, and its procedures that may apply to any given transaction including applications, fees, meetings, meeting minutes, agendas, resolutions, public notices, executive director reports, etc. on its website at - <http://www.treasurer.ca.gov/chffa/> The Authority shall from time to time update its practices and information to ensure relevancy.

~~The Authority shall adopt all necessary resolutions to approve or deny approval of any application. Approval by the Authority may be made contingent. The form of bonds, any resolution or resolutions authorizing such bonds, any trust agreements securing such bonds and any other agreements relating to the bond financing shall be approved by the Authority and each applicant in accordance with the provisions of the Act, including Sections 15441 through 15456 of the Act. As used herein, bonds include notes or other obligations issued by the Authority.~~

Article Section 5. **Amendments**

Section 1050. ~~Amendments:~~

The ~~By-Laws~~ Bylaws may be amended by resolution duly adopted at any meeting, regular, or special.

Article Section 6. **Suspension of ~~By-Laws~~ Bylaws**

Section 1060. ~~Suspension:~~

Any and all of the provisions of the ~~By-Laws~~ Bylaws may be suspended by unanimous consent of the members constituting a quorum present at any meeting of the Authority.